

Germany, which possess nearly the whole of the disposable stock of that metal.

Notwithstanding the extraordinary supplies of gold since 1848 from California and Australia, supplemented more recently by new supplies of silver from Nevada, a majority of the commercial nations, which were all paying coin in 1848, have since been obliged to suspend such payments. During this time the metals exported from the suspending countries, together with current supplies have barely maintained the level of prices in the few countries still paying specie. Supplies from suspending countries have nearly come to an end, as there are but three or four commercial countries left which now maintain specie payments. The question therefore seems to be a serious one, whether both the metals together are not inadequate for the advancing wants of the world.

During this time only one important country, Great Britain, has been able to maintain payments in gold. Such is still the scarcity of that metal, notwithstanding a production since 1848 amounting to \$3,215,000,000, that the pending effort of one other important country, Germany, to establish a gold standard, has precipitated a monetary convulsion throughout the world without example in its extent and intensity, and the final results of which it is impossible to foresee, and has inflicted upon Germany itself an industrial prostration which menaces the most serious social and political disturbances.

The attempt of a third country, of the importance of the United States, to establish a gold standard, while the production of that metal is still stationary or declining, will be a ruinous failure, or, if it succeeds, can only do so temporarily and through the destruction of all the productive interests of the country. A detailed statement cannot be made which will show that there is now more than \$1,600,000,000 in gold coin and bars in the western world. That the current supply is not more than the current consumption, is shown by the fact that no increase of the aggregate stock since 1865 is anywhere visible. On the 3d of August, 1872, the *London Economist* published tables proving that the annual excess of gold imports into Great Britain over exports, from 1858 to 1871, averaged 5,000,000 sterling, showing that amount to be needed annually to keep up the British stock. On the 16th of January, 1875, the *Economist* reiterated its convictions:

The annual supply necessary for England alone is £5,000,000.

Five millions sterling for that single country is one-fourth part of the present total gold production of the world.

At the lowest calculation \$300,000,000 in gold would be required to enable the government and banks of this country to resume and maintain specie payments in gold. This amount is about 20 per cent. of the entire stock of the western world. No such draught can be successfully made upon that stock without causing a ruinous fall in gold prices everywhere. These considerations should call a halt in the attempt to chain this country to a metal whose supply, without any demand from this country, has been insufficient to prevent the general decline in gold prices which has been a continuing one for several years and is still unchecked.

The resumption of specie payments in gold is said to be an easy task, because the premium on gold is now reduced to a small percentage. It would be easy if resumption involved only a reduction of commodities from their present valuation in greenbacks to their present valuation in gold. But what is really

involved is a reduction from present prices in greenbacks to the prices in gold, which would prevail after gold was enormously enhanced in value by the new demand and competition for it with other countries, which gold resumption in this country would inevitably cause. The premium on gold in greenbacks is small, but the premium on gold in Bank of England notes was still smaller in 1821, when the British resumption of specie payments in gold resulted in a most ruinous reduction of the prices of property and of the wages of labor. The value of gold is not at all the same thing before and after a sudden and new demand for it to the extent of hundreds of millions of dollars.

With the history yet fresh of the British gold resumption, which brought ruin upon a generation, there can be no excuse for repeating the fatal error of David Ricardo, the leader in that disastrous work, that resumption means only an appreciation of paper equal to the difference between paper and gold before the resumption.

In the debates in the British house of commons on gold resumption, May 24, 1819, Mr. Ricardo said:

The question is not deserving half an hour's consideration of the house. The difficulty is only that of raising the currency 3 per cent. in value. And who can doubt that, even in those states in which the currency is entirely metallic, it often suffered a variation equal to this without inconvenience to the public?

William Ward (Remarks on the Commercial Legislation of 1846), quoted in Doubleday's "Life of Sir Robert Peel" (volume 1, page 245), says:

Mr. Ricardo lived to change his opinion, and shortly before he died (1823) expressed that he had done so. The late Sir W. Heygate was with him, and he said: "Ay! Heygate, you and the few others who opposed us on the cash payments have proved right. I said the difference at most would be only 5 per cent. and you said that, at the least, it would be 25 per cent." This is stated on the authority of the late Alderman Heygate. It is a pity that Mr. Ricardo did not, as some atonement to his country for the tremendous mischief he then, past doubt, occasioned, publish this recantation under his own hand.

If, however, what is intended is not an actual resumption of specie payments in gold, and the actual and constant convertibility of greenbacks and bank notes into gold, but only the appreciation of greenbacks to a nominal parity with gold, and if greenbacks are to continue to be the ordinary currency of the people and gold is still to be used only for the payment of import duties, an immense injury will have been inflicted upon the country without any commensurate benefit. There would still be fluctuations, depending upon the course of foreign trade in the relative value of gold and greenbacks, and calculations of the greenback price of gold would be no easier at 100½ than at 105. Any resumption not based upon a large and adequate supply of gold would be a delusion and a snare, leaving the country exposed to the changes and chances of commercial and political events abroad. The business of the country would be always disturbed by the fear or fact of suspension. A merely nominal resumption would be a baseless air-built castle, liable to be toppled over by every breeze.

If a parity of the national currency with specie is to be treated as resumption, that currency has already reached not merely a parity with, but a premium of 3 per cent. above a specie (silver) dollar, which was a full legal tender when specie payments were suspended. To that resumption, the only one that law or equity could demand there is no pre-

ent impediment except the interdiction of the coinage of that dollar.

The United States a silver producing country.

The United States is the largest silver producing country in the world, furnishing, in fact, rather more than one-half of the total supply. Although there is no good reason to expect any great and sudden enlargement of the silver yield of this country, our argentiferous territory is wide and is being vigorously explored, and the facilities of all kinds for that species of mining are being constantly enlarged. From the nature of things, silver production rises and falls more slowly than that of gold, but we may expect the occasional discovery of rich veins, and a steady increase of the capital invested in silver mining, unless the value of silver be depreciated by demonetization. And the first impression at any rate must be that it is a singular policy for the greatest silver producing country in the world to co-operate in movements to depreciate the value of the product.

In a report made to the United States senate, June, 1868, recommending "a single standard exclusively of gold," and assigning four reasons therefor, Mr. Sherman, of Ohio, gave the first place to the following:

The United States is the great gold-producing country of the world, now producing more than all other nations combined, and with a capacity for future production almost without limit.

Mr. Sherman was misinformed as to the facts. The United States have not produced as much gold as all nations combined in any year since 1850. Its production in 1868 was \$48,000,000, and that of all other nations, \$72,000,000. But if the supposed fact in 1868, that the United States produced more gold than all other nations, was a good reason for making gold the sole money standard, the real fact that the United States now produce more silver than all other nations seems to be at least as good a reason for retaining that metal in its old place in the double standard.

It is said that, although we produce silver largely, we produce gold quite as largely, and that it may be some time before there is such an excess of silver production as to cause a material depreciation in its value.

The suggestion made is, in substance, that if we lose by the depreciation of silver resulting from its demonetization, we shall gain as much or more, or, at any

rate, some considerable offsetting advantage by the appreciation of gold. That seems to be true if we do not look beyond the direct gain of the rise in the value of the gold that we produce. But, as, in the case supposed, gold is to be the measure of the value of everything else, a rise in the value of gold means a fall in the prices of all commodities and all forms of property. And as gold measures commodities and property so immeasurably exceeding itself in value, no rise in its value can be a compensation for the losses it must cause. If no better indemnification is proposed for the ruin of our silver mines than such an appreciation of gold as will reduce the prices of property of every description to a ruinous level, aggravate the burden of debts, and arrest the industrial progress of the human race, the indemnification is an immeasurably greater calamity than the loss for which it is proposed as a compensation.

(To be continued.)

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